



# Integrated Country Strategy

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## Kazakhstan

**FOR PUBLIC RELEASE**

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## 1. Chief of Mission Priorities

Kazakhstan is an important partner for the United States due to its geopolitical position at crossroads of Eurasia. It borders Russia and the PRC and shares a broader neighborhood with Afghanistan and Iran. Its large territory, vast natural resources, and economic growth since independence have positioned it to become a regional leader, where it fosters cooperation among the five Central Asian countries. It also pursues an increasingly active role in global affairs, demonstrated by its 2017-2018 non-permanent membership on the UN Security Council, its 2022-2024 membership on the UN Human Rights Council, its hosting of peace talks on Syria, and participation in international peacekeeping operations.

The country is emerging from a gradual leadership transition that began in 2019, when First President Nursultan Nazarbayev appointed Kassym-Jomart Tokayev to be his successor. In January 2022, President Tokayev replaced Nazarbayev as head of Kazakhstan's Security Council amid a brief, violent challenge to Kazakhstan's constitutional order, completing the full transfer of presidential powers and signaling a new era. President Tokayev has committed to gradually institute much-needed political and economic reforms, providing an opportunity for the United States to support the country and its people as they address political, economic, and social challenges.

Russia and the PRC maintain significant ties and influence in Kazakhstan and Central Asia, promoting goals and values that often conflict with those of the United States. The United States' ongoing Enhanced Strategic Partnership with Kazakhstan offers the country desirable alternatives in line with its multi-vector, balanced foreign policy that seeks positive relationships with all global powers. Particularly in view of global strategic competition, meaningful U.S. engagement with Kazakhstan has become ever more vital. Kazakhstan welcomes U.S. investment, technical assistance, and security cooperation, providing the U.S. Mission in Kazakhstan opportunities to advance U.S. values and foreign policy goals through bilateral engagement along the following lines of effort:

We will 1) support Kazakhstan's independence, sovereignty, and territorial integrity by enhancing its ability to counter and mitigate threats to its security and stability; 2) develop its capacity to be a likeminded partner that respects human rights, promotes transparent, accountable governance, and leads on addressing regional and global challenges; and 3) support inclusive, diversified economic growth based on an equitable, climate-focused, and resilient energy future.

With respect to Goal 1, we seek to enhance security and stability by bolstering the public's resilience to foreign-directed disinformation campaigns; by building local capacity to prevent and manage health challenges; and by further building capacity in local law enforcement agencies to maintain public safety and security while adhering to international human rights standards. There are opportunities in these areas given that the United States is viewed positively and there is a genuine interest in cooperating with us. The Government of Kazakhstan wants to counter foreign malign influence and develop a distinctively Kazakhstani national identity. Over the course of the COVID-19 pandemic, the Kazakhstani government has welcomed international cooperation to bolster and modernize its public health infrastructure.

Goal 2 aims to promote accountable governance mechanisms, a healthy civil society, and independent media; enhance democratic institutions and human rights protections; and strengthen Kazakhstan's capabilities as a regional and global leader to promote peace, security, and development. Recognizing that our relationship is with all citizens of Kazakhstan, we also seek to enhance people-to-people contacts; expand citizens' access to objective information, particularly through English language learning; and empower an active citizenry to lead positive, constructive change. President Tokayev has begun an economic and political reform agenda that opens the door for further cooperation. In addition, the Kazakhstani government strives for a regional leadership role. It is an active participant in the U.S.-Central Asia (C5+1) diplomatic platform, through which the United States and the countries of Central Asia work together to find concrete solutions to shared challenges.

Under the rubric of Goal 3, the United States will seek to foster diversified, inclusive, and climate-focused economic growth. Firstly, we want to assist Kazakhstan to meet its nationally

determined contribution commitment to mitigate climate change under the Paris Agreement. This will require the country to increase its use of renewable energy, improve energy efficiency, and reduce reliance on hydrocarbons. Secondly, we want to help Kazakhstan improve its investment climate to pave the way for inclusive economic growth and a level playing field for U.S. companies. Lastly, the United States will support the country's economic diversification and provide market-based alternatives to doing business with the United States' strategic competitors, recognizing that Kazakhstan's economy remains overly dependent on the oil and gas sector.

There is opportunity for enhanced engagement in the economic sphere. Kazakhstan recognizes the urgent need to diversify economically to spur broad-based prosperity and level economic inequalities, and the government is keen to improve the business climate to attract foreign investment. It has Central Asia's largest and most developed economy, giving it capacity to drive change domestically and regionally, and to provide opportunities for U.S. investors. We will encourage Kazakhstan to take concrete steps to complete its transition to a liberal, market economy that supports innovation and entrepreneurship to ensure continued economic growth and stability. We will advocate for reforms that develop the private sector and facilitate mutually beneficial trade relations. As Kazakhstan moves toward developing renewable energy, we will work to ensure that leading U.S. companies in green technology have fair and equitable access to the marketplace.

## 2. Mission Strategic Framework

**Mission Goal 1:** Support Kazakhstan's independence, sovereignty, and territorial integrity by enhancing its ability to counter and mitigate threats to its security and stability.

- **Mission Objective 1.1:** Kazakhstanis will be more resilient to foreign-directed disinformation campaigns because of increased access to accurate information.
- **Mission Objective 1.2:** Kazakhstan will bolster its stability with increased capacity to prevent, detect, assess, and manage acute and chronic health challenges.
- **Mission Objective 1.3:** Law-enforcement organs will be better able to counter internal and regional threats to public safety due to improved capacity.

**Mission Goal 2:** Develop Kazakhstan's capacity to be a like-minded partner that respects human rights; promotes transparent, accountable governance; and leads on addressing regional and global challenges.

- **Mission Objective 2.1:** The government becomes more effective through the promotion of transparent, inclusive, and accountable governance mechanisms, a healthy civil society, and independent/free media.
- **Mission Objective 2.2:** Democratic institutions and human rights protections are enhanced by advancing civil liberties and rule of law, and demonstrating political will to conduct objective, transparent investigations into allegations of official misconduct.
- **Mission Objective 2.3:** Kazakhstan's capabilities as a regional and global leader to promote peace, security, and development are strengthened by expanding its international engagement platforms.

**Mission Goal 3:** Support inclusive, diversified economic growth based on an equitable, climate-focused, and resilient energy future.

- **Mission Objective 3.1:** Kazakhstan will make progress to meet its nationally determined contribution commitment under the Paris Agreement by increasing its use of renewable energy, improving energy efficiency, and reducing reliance on hydrocarbons.
- **Mission Objective 3.2:** Kazakhstan will improve its investment climate by the development of equitable legal frameworks, a better regulatory environment, and transparency, leading to inclusive economic growth and a level playing field for U.S. companies.
- **Mission Objective 3.3:** Kazakhstan diversifies its economy through promoting high growth potential sectors, regional connectivity, and market-based alternatives to doing business with the United States' strategic competitors.

**Management Objective 1:** Ensure the Mission has sufficient, safe, accessible office space and residences that attract a diverse and talented staff.

**Management Objective 2:** Ensure adequate staffing to deliver innovative, data-driven management services that reflect best practices and emphasize customer satisfaction, efficiency, inclusivity, sustainability, safety, and support for growing U.S. interests in Kazakhstan and the region.

### 3. Mission Goals and Objectives

**Mission Goal 1** | Support Kazakhstan's independence, sovereignty, and territorial integrity by enhancing its ability to counter and mitigate threats to its security and stability.

**Description** | The January 2022 unrest revealed that despite Kazakhstan's achievements during its 30 years of independence, the country is not immune from challenges to its constitutional order. U.S. support for Kazakhstan to counter both internal and external threats to stability, public safety, and rule of law supports Pillars I and III of our National Security Strategy.

**Objective 1.1** | Kazakhstanis will be more resilient to foreign-directed disinformation campaigns because of increased access to accurate information.

- **Justification** | Disinformation and malign influence are pervasive in Kazakhstan and the region. Overdependence on Russia-affiliated media can be reduced through increasing access to diverse, accurate sources of information, particularly English and Kazakh language media content.
- **Linkages** | State-USAID JSP Strategic Objectives 1.5, 3.1; SCA/USAID Asia JRS Objectives 2.2, 4.2.
- **Risks** | Absent efforts to build a healthier information environment, Kazakhstan's government and people will be prone to disinformation, and vulnerable to malign influence. Malign actors can misuse U.S.-branded materials, highlighting the complex nature of the modern information space.

**Objective 1.2** | Kazakhstan bolsters its stability with increased capacity to prevent, detect, assess, and manage acute and chronic health challenges.

- **Justification** | The COVID-19 pandemic revealed gaps in Kazakhstan's health security. Aside from COVID-19, Kazakhstan faces challenges with other acute infectious diseases and with chronic health issues brought on by air pollution and other environmental



toxins. Addressing air quality problems will also address climate change, as many sources of air pollution also emit greenhouse gas emissions. U.S. support can better equip Kazakhstan to prevent, detect, and respond to public health threats.

- **Linkages** | State-USAID JSP Strategic Objectives 1.1, 2.4; SCA/USAID Asia JRS Objectives 1.1, 3.4; OES FBS Objectives 1.2, 2.1, 2.3; Executive Order on “Organizing and Mobilizing the U.S. Government to Provide a Unified and Effective Response to Combat COVID-19 and to Provide U.S. Leadership on Global Health and Security;” National Security Directive 1 on “U.S. Global Leadership to Strengthen the International COVID-19 Response.
- **Risks** | As pandemics know no boundaries, U.S. health security is tied to Kazakhstan’s. Regional stability depends on Kazakhstan’s ability to manage risks and provide support to its neighbors. The mission will mitigate risks by renewing the Science and Technology Agreement with the Government of Kazakhstan and signing a letter of intent with the Ministry of Health. These documents will improve collaboration and streamline assistance to Kazakhstan, increasing its capacity to manage risk and provide regional support.

**Objective 1.3** | Law-enforcement organs have greater capacity to counter internal and regional threats to public safety.

- **Justification** | The response of law-enforcement agencies to the unprecedented violence that hijacked initially peaceful nation-wide protests in January 2022 revealed shortcomings in their structures and effectiveness. There were also credible allegations of excessive use of force and mistreatment of detainees. Building the capacity and professionalism of Kazakhstani law enforcement agencies will improve Kazakhstan’s ability to counter threats like violent extremism, terrorism, transnational crime, cybercrime, trafficking in persons, illicit drug trafficking, and corruption, while also providing the skills and accountability mechanisms to ensure law enforcement respects fundamental freedoms.

- **Linkages** | State-USAID JSP Strategic Objectives 1.4, 3.3; SCA/USAID Asia JRS Objectives 2.1, 4.1., 4.2., 4.3.
- **Risks** | U.S. assistance helps Kazakhstani law enforcement agencies become stronger, but their adherence to basic constitutional guarantees and internationally recognized human rights standards remains a challenge. Kazakhstan's multi-vector cooperation with other partners that do not share our values reduces the effectiveness of U.S. assistance.

**Mission Goal 2** | Develop Kazakhstan's capacity to be a like-minded partner that respects human rights, promotes transparent, accountable governance, and leads on addressing regional and global challenges.

**Description** | A robust civil society interacting productively with well-functioning and accountable government institutions will be essential to ensure Kazakhstan's stability and prosperity its ability to be a good partner to the United States. Progress in this area, however, has lagged in recent years. Political institutions lack transparency, with few mechanisms to ensure that they are accountable to citizens. While civil society exists, it has yet to develop a robust network of constituents. Civil society organizations (CSOs) largely depend on foreign donors or, increasingly, the government for funding. The media sector similarly largely depends on the government for funding and on Russian outlets for information. Civic engagement is relatively weak, and citizens have few avenues for voicing discontent. The January 2022 unrest highlighted the extent to which many citizens distrust government institutions, believe the political and economic system does not work for them, and lack the ability to influence government decision-making. The government is open to engagement with the United States on issues related to rule of law, and some government institutions, such as the judiciary, have been receptive to rule of law programming from the United States and other like-minded donors. Diplomatic engagement and foreign assistance will support the continued development of well-functioning and accountable government institutions, while also helping

civil society and media organizations become sustainable and better-equipped to represent the people's interests.

**Objective 2.1** | The government becomes more effective through the promotion of transparent, inclusive, and accountable governance mechanisms, a healthy civil society, and independent, free media.

- **Justification** | Since independence, Kazakhstan has made significant strides in the economic and social spheres, achieving upper middle-income status, and improving and expanding government services. Most national-level government institutions have promising technical capacity and modern e-governance systems. Additional progress is needed on government openness and receptiveness to alternative voices in the public sphere, respect for human rights, and consideration of citizen input in decision-making. Constructive dialogue between government and civil society mostly occurs between national institutions and influential NGOs based in Nur-Sultan and Almaty, to the detriment of Kazakhstan's other regions and particularly rural communities. Most media are subject to government influence. The few independent sources are routinely censored, limiting media's ability to inform the public and conduct investigative reporting. The United States can help strengthen and expand opportunities for citizens to influence government decision-making at all levels by supporting the development of a vibrant civil society and independent media which works more effectively with government.
- **Linkages** | JSP Strategic Objectives 3.1 and 1.5; SCA/USAID JRS Goal 2.
- **Risks** | The government does not implement systemic political and governance reforms the public demands. Civil society determines government accountability efforts after January 2022 unrest to be slow or incomplete, or the government uses the January 2022 unrest as a justification to suppress civil society and independent information sources. The level of distrust between civil society and the government increases, reflecting a lack of political will to enact stated reforms.

**Objective 2.2** | Improved civil liberties and rule of law lead to stronger democratic institutions and human rights protections, the government demonstrates political will to conduct objective, transparent investigations into allegations of official misconduct.

- **Justification** | Since taking office, President Tokayev has undertaken political modernizations to create a “listening state” more accountable to its citizens. While there have been some improvements, Tokayev’s reforms have not ended restrictions on civil liberties or created new space for alternate political voices. Helping Kazakhstan meet its human rights obligations will create a more open environment for alternative voices, strengthen government decision-making, and bolster civil society’s ability to assist with reforms. Government-civil society partnerships to draft, enact, and monitor human rights-related reforms will similarly expand civil liberties and improve rule of law.
- **Linkages** | JSP Goal 3; SCA/USAID JRS Objective 2.2.
- **Risks** | Kazakhstan may be unable or unwilling to enact meaningful reforms to expand civil liberties and the rule of law or to take steps to eliminate discrimination and violence against marginal groups. This could result in greater societal divides, hindering political and economic progress.

**Objective 2.3** | Kazakhstan strengthens its capabilities as a regional and global leader to promote peace, security, and development by expanding international engagement platforms.

- **Justification** | Kazakhstan is a regional leader with the potential to advance security and prosperity in Central Asia and become a global security provider. Kazakhstan has been a partner in combating transnational threats such as terrorism, non-proliferation, drug trafficking, trafficking in persons (TIP), and money laundering. Kazakhstan seeks a regional leadership role on climate change, trade, and women’s economic empowerment, and as a humanitarian assistance hub for Afghanistan. A stronger, more secure and capable Kazakhstan leading on global and regional issues would be less vulnerable to malign Russian and PRC influence.
- **Linkages** | JSP Objective 1.4; SCA/USAID JRS Goal 4.

- **Risks** | The January 2022 unrest revealed security and law enforcement shortcomings. Kazakhstan may place greater emphasis on internal security sector reforms and challenges at the expense of strengthening its regional or global role. The January 2022 CSTO deployment to Kazakhstan could push Kazakhstan closer to Russia on security issues. Other Central Asian countries may grow wary of Kazakhstan's leadership ambitions in the region and hesitate to partner on Kazakhstani regional initiatives.

**Mission Goal 3** | Support inclusive, diversified economic growth based on an equitable, climate-focused, and resilient energy future.

**Description** | Kazakhstan has achieved impressive economic growth since its independence, in part due to large investments from U.S. energy companies. Despite this growth, World Trade Organization (WTO) membership, and economic reforms, Kazakhstan struggles to diversify its economy beyond natural resource extraction, to shrink the dominant role of state-owned enterprises, to meet its commitments under the Paris Agreement, and to transition fully to a liberal, equitable market economy. A steep fall in oil revenue during the COVID-19 pandemic slowed economic growth, though the economy started to recover in the second half of 2021. Kazakhstan remains a difficult place for U.S. businesses to operate. Increased economic diversification and competitiveness will increase national income, employment, and tax revenue for public services. President Tokayev's calls for further reforms after the January 2022 protests provide a window for increased U.S. assistance on economic and development priorities and may provide opportunities for U.S. companies and investment.

**Objective 3.1** | Kazakhstan makes progress towards its nationally determined contribution commitment under the Paris Agreement by increasing renewable energy capacity, improving energy efficiency, and reducing reliance on hydrocarbons.

- **Justification** | The Government of Kazakhstan has announced goals to reduce greenhouse gas emissions and reach carbon neutrality by 2060. To date, Kazakhstan has not lived up to its climate commitments. Greenhouse gas emissions exceeded 1990 levels by 4.1 percent by 2018 and are on track to exceed national determined

contribution (NDC) goals by 33 percent by 2030. The government's modest successes are in converting some power generation from coal to natural gas and increasing the share of renewable energy production. The government has stated it will need significant financial and technical assistance to meet its NDC under the Paris Agreement.

- **Linkages** | State-USAID JSP Strategic Objectives 1.2, 2.3, 2.4; SCA-Asia JRS Objectives 1.2, 3.1, 3.4; OES FBS Objectives 1.2, 1.3, 2.1, 2.2, 2.3, 2.4; Executive Order on "Tackling the Climate Crisis at Home and Abroad"
- **Risks** | Significant portions of the economy and the government's budget rely on hydrocarbon extraction and utilization, and powerful interests may oppose progress. Increasing renewables use will require pricing reform in the tariff-subsidized electricity sector. The government may shy away these reforms given the role of LPG price increases in sparking initially peaceful protests during January 2022 unrest. Climate change could destabilize Kazakhstan, particularly due to challenges in sharing dwindling water resources with its neighbors.

**Objective 3.2** | Kazakhstan's investment climate improves through the development of equitable legal frameworks, a better regulatory environment, and transparency, leading to inclusive economic growth and a level playing field for U.S. companies.

- **Justification** | Kazakhstan has great potential for economic growth, including via U.S. investments that would contribute to greater mutual prosperity. Many in the government and the private sector view the United States as Kazakhstan's partner of choice. However, Kazakhstan remains a challenging market for both U.S. and local businesses due to corruption, a lack of transparency – particularly in procurement processes – and the inconsistent application of Kazakhstani law. The investment climate has improved, but even the most successful U.S. companies working in Kazakhstan call for greater U.S. government support for market reforms and transparency. Increased use of alternative dispute resolution mechanisms (ADRs), market-based economic reforms, and greater support for women's economic empowerment and small- and medium-sized enterprises (SME) would improve the investment climate.

- **Linkages** | SCA-Asia JRS Objectives 3.2, 3.3, 3.4; State-USAID JSP Strategic Objectives 2.1, 2.3, 3.2, 3.5; Executive Order (E.O.) 14020
- **Risks** | Potential investors could give up on Kazakhstan and go elsewhere if the government fails to implement promised reforms. Weak Kazakhstani institutions often do not coordinate to implement reforms, slowing and stalling progress. Corrupt elites benefit from the status quo and often oppose reforms.

**Objective 3.3** | Kazakhstan's economy diversifies by promoting high-growth-potential sectors, regional connectivity, and market-based alternatives to doing business with the United States' strategic competitors.

- **Justification** | Kazakhstan's economy is overly dependent on extractive industries, especially fossil fuels. Diversification of the economy beyond that sector is necessary to ensure Kazakhstan's continued economic growth as well as its long-term sustainable economic development and stability. The COVID-19 pandemic significantly affected Kazakhstan's economy, including through a decline in oil prices that led to a commensurate decline in government revenues. The pandemic also caused major trade disruptions, especially at the border with the PRC. Expanding trade and increasing energy market connectivity with other countries in Central Asia will facilitate diversification, reduce overreliance on strategic competitors, and expand economic opportunities. The United States and Kazakhstan can leverage the momentum of the post-January 2022 reforms to reduce the influence of connected elites and oligarchs, and to create more opportunities for economic diversification. Long overdue reforms to make the economy more market-based will facilitate this diversification.
- **Linkages** | State-USAID JSP Strategic Objective 2.1, 2.2, 2.3, 2.4; SCA-ASIA JRS Objective 1.2, 3.1, 3.3, 3.4; OES FBS Objectives 1.3, 2.2
- **Risks** | Kazakhstan's dependence on oil and gas extraction leaves the country highly vulnerable to external market shocks. A transition to renewable energy and the creation of regional energy networks will require significant investments to upgrade aging infrastructure, but existing challenges in the investment climate may hamper

Kazakhstan's ability to attract necessary financing. To reap the benefits of increased regional trade, Kazakhstan will have to overcome long-standing regional rivalries that impede cooperation in order to undertake major projects to improve the reliability of the regional power grid and diversify its trading partners.



## 4. Management Objectives

**Management Objective 1** | Ensure Mission has sufficient, safe, accessible office space and residences that attract a diverse and talented staff.

- **Justification** | Kazakhstan is in one of the most earthquake-prone areas in the world, with the greatest threat in the Almaty area. Mission Kazakhstan's staffing has grown substantially, with plans to expand further soon. The Mission recognizes that ensuring safe, quality residential and office space for employees and their families is mutually reinforcing. Consulate Almaty's densely packed offices in two locations make space planning difficult and necessitate redundant operations. In addition to seismic risks in Almaty, fire safety is a concern for all residences in the Mission. Locating fire-safe apartments presents significant challenges, as building standards are not comparable to those in the United States. In Nur-Sultan, apartments are in high rise buildings that lack secondary exits, full fire alarm systems, sprinkler systems, and often have electrical safety problems.
- **Linkages** | Safe and secure U.S. government facilities and residences are needed to successfully carry out the goals of Mission Kazakhstan. Housing is a major recruitment and retention issue – obtaining safe, modern housing is integral to recruiting and retaining high-caliber staff and supports the SCA-ASIA JRS Cross-Cutting Management Objective 7 to “Align personnel and manage resources to implement strategic priorities and to ensure effectiveness and accountability.”
- **Risks** | Without safe and sufficient office and residential space, Mission Kazakhstan will be unable to increase engagement with and strengthen Kazakhstani, regional and multilateral institutions. Recruiting and retaining U.S. direct-hire staff can be difficult in Kazakhstan – safe, accessible, and sufficient residential and office space is vital to attract personnel and reduce turnover.

**Management Objective 2** | Ensure adequate staffing to deliver innovative, data-driven management services that reflect best practices and emphasize customer satisfaction, efficiency, inclusivity, sustainability, safety, and support for growing U.S. interests in Kazakhstan and the region.

- **Justification** | Mission Kazakhstan supports more than 730 employees and direct-hire family members across seven ICASS-billed agencies, providing an array of management and administrative services. A stagnant management platform has not kept pace with the Mission's growth, hampering efforts to support personnel needs and impeding progress in using data analysis and technology to optimally direct resources and forecast future requirements.
- **Linkages** | The visibility of Mission Kazakhstan's work has grown with the Enhanced Strategic Partnership. Embassy Kabul's closure and severe staffing cuts in Mission Russia affect Mission Kazakhstan and other Central Asian mission workloads. Expanded mission responsibilities due to these changes require adequate ICASS staffing. Adequate staffing supports the SCA-ASIA JRS Cross-Cutting Management Objective 7.
- **Risks** | Without sufficient staffing, Mission Kazakhstan will be unable to support the growth associated with the increasing need for a significant, redistributed U.S. presence in the region and expanded bilateral agenda with Kazakhstan.